

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2017-5-G

November 2, 2017

IN RE:

Annual Review of Purchased Gas Adjustment)
 and Gas Purchasing Policies of South Carolina)
 Electric & Gas Company)
 _____)

STIPULATION

This Stipulation is made by and between the South Carolina Office of Regulatory Staff (“ORS”) and South Carolina Electric & Gas Company (“SCE&G” or “Company”) (collectively referred to as the “Parties” or sometimes individually as “Party”);

WHEREAS, on June 5, 2017, the Public Service Commission of South Carolina (“Commission”) issued a Notice of Hearing and Pre-file Testimony Deadlines for the 2017 Annual Review of Purchased Gas Adjustment and Gas Purchasing Policies (“PGA”) of SCE&G;

WHEREAS, the purpose of this proceeding is to review matters related to SCE&G’s gas purchasing practices and policies, administration of its purchased gas adjustment, and the recovery of its gas costs;

WHEREAS, the period under review in this docket is August 1, 2016, through July 31, 2017 (“Review Period”);

WHEREAS, ORS examined the books and records of SCE&G and conducted inquiries and analyses related to the Company’s gas purchasing practices and policies, administration of its purchased gas adjustment, and the recovery of its gas costs for the Review Period;

WHEREAS, ORS determined that during the Review Period, SCE&G: a) properly administered the purchased gas adjustment and correctly adjusted the gas cost recovery factors for each customer class in accordance with the terms of Commission Order No. 2006-679 as modified by Commission Order No. 2009-910; b) employed prudent gas purchasing practices and policies; c) recovered its gas costs consistent with applicable tariffs and Commission orders; and d) was prepared during the Review Period and is currently prepared to meet its firm customers' projected needs via its future supply and capacity asset plans;

WHEREFORE, the Parties have engaged in discussions and in the spirit of compromise, the Parties hereby stipulate and agree to the following terms and conditions:

1. The Parties agree to stipulate into the record before the Commission this Stipulation. The Parties further agree to stipulate into the record without cross-examination the pre-filed direct testimony and exhibits of Rose M. Jackson, Rachel M. Robinson, and Zachary J. Payne; the pre-filed direct testimony of Felicia D. Howard and Matthew P. Schellinger II; and the corrected pre-filed direct testimony and corrected exhibit of Rose M. Jackson. Furthermore, each witness will take the stand to present his or her testimony and, if necessary, make non-material changes to their testimony comparable to those that would be presented via an errata sheet or through a witness noting a correction. With respect to this Stipulation, Company Witness Jackson is the witness designated to be primarily responsible for providing support for the Stipulation at the hearing scheduled in this case.

2. For the purpose of setting the gas cost recovery factors, the Parties accept the use of the cost of gas calculations for the Review Period, set forth in Stipulation Exhibit No. 1 attached hereto (Exhibit No. ____ (RMR-1)).

3. The Parties agree to maintain the monthly adjustment procedure and notification procedure for the total cost of gas factors as adopted in Commission Order No. 2006-679 as modified by Commission Order No. 2009-910.

4. The Parties acknowledge the demand charges included in the total cost of gas factors will continue to be calculated as set forth in Commission Order No. 2006-679 in Docket No. 2006-5-G by distributing such costs among the rate schedules based upon a 50-50 allocation of peak design day demand and annual forecast sales. The Parties agree that the allocation factors contained on page 4 in Company Witness Robinson's pre-filed direct testimony (Residential 65.64%; Small General Service/Medium General Service 28.95%; and Large General Service 5.41%) are appropriate and should be used for the demand cost of gas calculations beginning with the first billing cycle of January 2018.

5. As part of this Stipulation, the Parties agree that SCE&G shall continue to charge and recover carrying costs, if applicable, on the cumulative total (over)/under-collection balances in the same method and with the same limitations as set forth in Commission Order No. 2006-679 in Docket No. 2006-5-G.

6. ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code Ann. § 58-4-10(B) (2015). S.C. Code Ann. § 58-4-10(B)(1) through (3) reads in part as follows:

- ... 'public interest' means a balancing of the following:
- (1) concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
 - (2) economic development and job attraction and retention in South Carolina; and
 - (3) preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

ORS believes this Stipulation reached among the Parties serves the public interest as defined above.

7. The Parties agree to advocate that the Commission accept and approve this Stipulation in its entirety as a fair, reasonable and full resolution of all issues in the above-captioned proceeding and to take no action inconsistent with its adoption by the Commission. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Stipulation and the terms and conditions contained herein.

8. The Parties agree that signing this Stipulation will not constrain, inhibit, impair, or prejudice their arguments or positions held in other collateral proceedings, nor will it constitute a precedent or evidence of acceptable practice in future proceedings. If the Commission declines to approve the Stipulation in its entirety, then any Party desiring to do so may withdraw from the Stipulation without penalty or obligation.

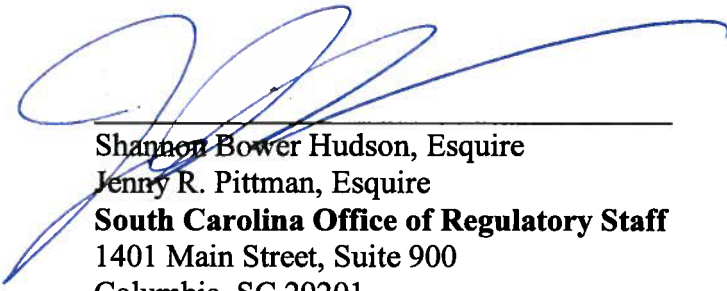
9. This Stipulation shall be interpreted according to South Carolina law.

10. The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to this Stipulation by affixing its signature or by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and e-mail signatures shall be as effective as original signatures to bind any Party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Stipulation. The Parties agree that in the event any Party should fail to indicate its consent to this Stipulation and the terms contained herein, then this Stipulation shall be null and void and will not be binding on any Party.

[SIGNATURES ON THE FOLLOWING PAGES]

WE AGREE:

Representing the South Carolina Office of Regulatory Staff

A large, stylized handwritten signature in blue ink, likely belonging to Shannon Bower Hudson, is written over a horizontal line.

Shannon Bower Hudson, Esquire

Jenny R. Pittman, Esquire

South Carolina Office of Regulatory Staff

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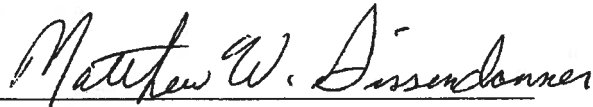
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WE AGREE:

Representing South Carolina Electric & Gas Company



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Matthew W. Gissendanner, Esquire

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Stipulation Exhibit 1

Exhibit No. ____ (RMR-1)

**SOUTH CAROLINA ELECTRIC & GAS COMPANY
PURCHASED GAS ADJUSTMENT
(OVER)/UNDER COLLECTION**

	<u>ACTUAL COMM. COST PER THERM (COL. 1)</u>	<u>BILLING COMM. COST PER THERM (COL. 2)</u>	<u>DIFFERENCE (COL. 3) (1-2)</u>	<u>FIRM SALES THERMS (COL. 4)</u>	<u>COMMODITY (OVER)UNDER COLLECTION (COL. 5) (3x4)</u>	<u>DEMAND (OVER)UNDER COLLECTION (COL. 6)</u>	<u>TOTAL (OVER)UNDER COLLECTION (COL. 7) (5+6)</u>	<u>CUMULATIVE (OVER)UNDER COLLECTION (COL. 8)</u>
							BEGINNING BALANCE	\$10,248,686
AUG 16	\$0.28551	\$0.26772	\$0.01779	8,172,418	\$145,463	\$2,282,049	\$2,427,512	\$12,676,198
SEP 16	\$0.23881	\$0.26772	(\$0.02891)	8,509,415	(\$249,772)	\$2,182,627	\$1,932,855	\$14,609,053
OCT 16	\$0.35054	\$0.29640	\$0.05414	8,665,017	\$462,796	\$1,367,482	\$1,830,278	\$16,439,331
NOV 16	\$0.47605	\$0.29640	\$0.17965	14,561,324	\$2,612,633	(\$3,230,169)	(\$617,536)	\$15,821,794
DEC 16	\$0.44933	\$0.29640	\$0.15293	29,139,573	\$4,466,788	(\$6,036,560)	(\$1,569,772)	\$14,252,023
JAN 17	\$0.37920	\$0.36524	\$0.01396	35,767,031	\$396,188	(\$1,339,524)	(\$941,336)	\$13,310,687
FEB 17	\$0.29273	\$0.38885	(\$0.09612)	26,572,817	(\$2,668,521)	\$2,262,180	(\$406,342)	\$12,904,345
MAR 17	\$0.31667	\$0.38885	(\$0.07218)	24,949,927	(\$1,788,820)	(\$529,102)	(\$2,317,923)	\$10,586,422
APR 17	\$0.21910	\$0.38885	(\$0.16975)	16,220,306	(\$2,743,193)	\$3,684,040	\$940,848	\$11,527,270
MAY 17	\$0.26904	\$0.38885	(\$0.11981)	10,607,321	(\$1,249,132)	\$2,612,844	\$1,363,712	\$12,890,982
JUN 17	\$0.26494	\$0.38885	(\$0.12391)	9,487,279	(\$1,158,254)	\$2,655,238	\$1,496,984	\$14,387,965
JUL 17	\$0.30015	\$0.38885	(\$0.08870)	8,051,518	(\$705,090)	\$2,469,912	\$1,764,821	\$16,152,786